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UNITED STATES  
AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 38977

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Vontobel Securities Ltd.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

Bahnhofstrasse 3

(No. and Street)

Zurich

Switzerland

REC'D S.E.C.

MAR 04 2002

8022

(City)

(State)

(Zip Code)

535

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Hanspeter Schiegg, CEO

01141 1 283 74 31

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young Ltd,

(Name — if individual, state last, first, middle name)

Brunnhofweg 37

Berne

Switzerland

3001

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2002

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THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

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## OATH OR AFFIRMATION

I, Hanspeter Schiegg, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Vontobel Securities Ltd., as of December 31, ~~for 2001~~ are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Signature

Chief Executive Officer

Title

\_\_\_\_\_  
Notary Public

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Official Legalization

Seen for authentication of the foregoing signature, recognized in our presence by

Mr. Hanspeter SCHIEGG, Swiss citizen of Steckborn/TG, in Opfikon, who is identified by identity card,

and who is entered in the Register of Commerce of the Canton of Zurich as holder of power to sign per procura jointly by two for the

Vontobel Securities Ltd, with registered headoffice in Zürich.

Zurich, this 12th day of December 2001

BK no. 8213/vw

Fr. 30.--



Notariat Zürich (Altstadt)

E. Schindler,  
Notariats-Assistentin

**REPORT OF INDEPENDENT AUDITORS**

STATEMENT OF FINANCIAL CONDITION

Year ended December 31, 2001

**Vontobel Securities Ltd, Zurich**

## REPORT OF INDEPENDENT AUDITORS

to the Board of Directors and Stockholder of  
**Vontobel Securities Ltd, Zurich**

We have audited the accompanying statement of financial condition of Vontobel Securities Ltd. (the "Company") as of December 31, 2001, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vontobel Securities Ltd. at December 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Berne, February 28, 2002  
me3/svq/wbi

Ernst & Young Ltd



Christoph Meister  
Certified accountant



Reinhold Sturny

**STATEMENT OF FINANCIAL CONDITION AT DECEMBER 31, 2001**  
**Convenience translation into US dollars (Note 1)**

	<u>2001</u> CHF	<u>2001</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	1'307'905.27	787'752.38
Securities owned, at fair value	2'220'226.80	1'337'244.35
Accounts receivable	48'297.35	29'089.53
Income taxes receivable	435'714.98	262'431.48
Total ASSETS	<u>4'012'144.40</u>	<u>2'416'517.74</u>
 <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Liabilities		
Bank overdraft	2'184.80	1'315.91
Accrued expenses	765'807.55	461'246.49
Total LIABILITIES	<u>767'992.35</u>	<u>462'562.40</u>
Shareholder's equity	<u>3'244'152.05</u>	<u>1'953'955.34</u>
Total LIABILITIES AND SHAREHOLDER'S EQUITY	<u>4'012'144.40</u>	<u>2'416'517.74</u>

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE STATEMENT OF FINANCIAL CONDITION

### Note 1 – Summary of significant accounting policies

#### *Nature of business*

Vontobel Securities Ltd (the Company) is a wholly-owned subsidiary of Vontobel Holding Ltd; both are incorporated in Zurich, Switzerland. The Company operates as a registered broker / dealer, primarily in European securities, in the United States through a branch office in New York. It has a brokerage and service agreement with Bank Vontobel Ltd, Zurich (the Bank), an affiliated company, whereby the Bank executes transactions and provides related clearing, custodial and administrative services.

#### *Basis of presentation*

The Company's primary reporting currency is that of its parent, Swiss Francs. This financial statement is expressed in US dollars for the readers' convenience based on the exchange rate as of December 31, 2001 of CHF 1.6603 / USD 1.00. This convenience translation should not be construed as representation that the Swiss Francs amounts could be converted to US dollars at that rate.

#### *Fair value of financial instruments*

The Company's securities owned are carried at market value. Management estimates that the aggregate net fair value of financial instruments recognized on the statement of financial condition (including receivables, payables, and accrued expenses) approximates their carrying value, as such financial instruments are short term in nature, bear interest at current market rates or are subject to frequent repricing.

#### *Use of estimates in the preparation of financial statements*

The preparation of a statement of financial condition in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

#### *Cash flows*

For purposes of the statement of financial condition, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

### *Securities transactions*

Securities owned, which consist of foreign stocks, are recorded on a trade date basis and carried at market value.

### **Note 2 – Retained earnings – legal reserve**

In accordance with the Swiss Code of Obligation a legal reserve of USD 709'510 (Sfr 1'178'000) has been retained, of which USD 602'301 (Sfr 1'000'000) is non distributable.

### **Note 3 – Related party transactions**

Company cash accounts in the amount of USD 228'949 (Sfr 380'124) are held at the Bank. The Company also has a receivable against the Bank of USD 3'085 (Sfr 5'122).

The Company has an overdraft of USD 1'316 (Sfr 2'185) due to the Bank.

### **Note 4 – Net capital requirements**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to applicable net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had applicable net capital (as defined) of USD 720'311 of which USD 620'311 was in excess of its required net capital (as defined) of USD 100,000. The Company's net capital ratio (as defined) was 0.64 to 1.

### **Note 5 – Financial instruments with off balance sheet risks**

In the normal course of business, the Company executes, as agent, transactions on behalf of customers. If the agency transactions do not settle because of failure to perform by either the customer or the counterparty, the Company may be required to discharge the obligation of the nonperforming party. The Company does not anticipate nonperformance by customers or counterparties in the above situations. However, the Company's policy is to monitor its market exposure and counterparty risk.

### **Note 6 – Retirement plan**

The Company's Swiss employees are members of the Bank's defined contribution retirement plan whereas a foreign employee makes part of the saving's and pension plan of an affiliate in the United States of America.